

Message Text

CONFIDENTIAL

PAGE 01 BOGOTA 02765 262022Z

17

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

OMB-01 /061 W

----- 118066

R 261648Z MAR 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 7741

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

C O N F I D E N T I A L BOGOTA 2765

EO 11652: GDS

TAGS: PINT CO

SUBJ: POLITICAL DISPUTE SEEN AS POSSIBLE CAUSE OF LOSS OF AID
FUNDS FOR COLOMBIA

REF: BOGOTA 2185

1. BEGIN SUMMARY. THE OFFICE OF THE COMPTROLLER GENERAL HAS DURING THE PAST YEAR BEEN SURROUNDED BY POLITICAL CONTROVERSY AND BY CHARGES OF CORRUPT PRACTICES. THERE HAS TO DATE BEEN NO FIRM INDICATION THAT THE AS YET UNPROVEN CHARGES OF PECULATION ARE TIED TO THE POLITICAL CONTROVERSY. THE OFFICE HAS, IN THE PAST, FREQUENTLY BEEN SLOW IN EXERCISING ITS FUNCTIONS. AT PRESENT HOWEVER THE LACK OF ACTIVITY IS SUCH AS TO RAISE THE POSSIBILITY OF LOSS TO THE GOC OF AID FUNDS THAT HAD BEEN AUTHORIZED BUT NOT DISBURSED. AID OFFICIALS HAVE NOT IDENTIFIED ANY DIRECT RELATIONSHIP BETWEEN THE POLITICAL DISPUTE AND THE INACTIVITY ON PROCESSING OF AID FUNDS. IT DOES HOWEVER SEEM LIKELY THAT THERE IS SOME CAUSAL RELATIONSHIP. A CURRENT PROBLEM CONCERNS THE GOC ABILITY TO DISBURSE PREVIOUSLY DEPOSITED FUNDS SO AS TO ENABLE AID TO DISBURSE THE FINAL DOLS 3.9 MILLION SEGMENT OF THE 1972 URBAN DEVELOPMENT LOAN BY MARCH 31, THE TERMINAL DISBURSEMENT DATE. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BOGOTA 02765 262022Z

2. THE SPECIAL SESSION OF THE CONGRESS HAS BEFORE IT A BILL TO

REFORM THE OFFICE OF THE COMPTROLLER GENERAL. THE SENATE HAD APPROVED THE REFORM BILL DURING THE REGULAR SESSION. THE CHAMBER, HOWEVER, FAILED TO ACT ON THE BILL IN THE ABSENCE OF ASSURANCES THAT THE REPLACEMENT FOR THE PRESENT COMPTROLLER GEN WOULD BE A LIBERAL AS IS THE INCUMBENT JULIO ESCALLON. HOWEVER PRESIDENT LOPEZ BOTH IN HIS CAMPAIGN AND IN A RECENT SPEECH HAD COMMITTED HIMSELF TO THE NAMING OF A CONSERVATIVE FOR THE POST. ALTHOUGH THE CHAMBER HAS IN THE PAST BEEN RESPONSIBLE FOR THE NAMING OF THE COMPTROLLER GENERAL, THE LOPEZ PLEDGE OPENED UP THE UNDESIRABLE POSSIBILITY OF A CONFRONTATION WITH THE PRESIDENT. THE CONGRESSMEN ACCORDINGLY CHOSE THE EXPEDIENT OF BURYING THE BILL IN COMMITTEE.

3. FURTHER COMPLICATIONS AROSE WHEN THE ATTORNEY GENERAL CHARGED ESCALLON WITH FISCAL IRREGULARITIES. ALTHOUGH THE CHARGES HAVE NOT AS YET BEEN PROVEN, THE COMPTROLLER GENERAL HAS BEEN UNDER FAIRLY WIDESPREAD SUSPICION AND HAS HAD TO DEVOTE A GOOD DEAL OF HIS TIME TO REBUTTING THE ATTORNEY GENERAL'S ACCUSATIONS.

4. PRESIDENT LOPEZ HAS ATTEMPTED, SO FAR WITHOUT SUCCESS, TO SEPARATE THE ISSUE OF THE REFORM BILL FROM THE PERSON (AND AFFILIATION) OF THE COMPTROLLER GENERAL. HE HAS SAID THAT HE WANTS THE SPECIAL SESSION TO CONCERN ITSELF ONLY WITH THE STRUCTURAL REFORM OF THE OFFICE, LEAVING TO THE REGULAR SESSION (CONVENING JULY 20) THE NAMING OF A NEW COMPTROLLER GENERAL. HE MAY HAVE GAINED SOME ADVANTAGE IN CALLING A SPECIAL SESSION OF CONGRESS. UNDER COLOMBIAN LAW, A SPECIAL SESSION MAY ONLY ADDRESS SUCH TOPICS AS THE CHIEF OF STATE CALLS FOR. SINCE THE FIRST TWO ITEMS ON THE SPECIAL AGENDA WERE DISPOSED OF DURING THE OPENING DAYS OF THE SESSION, THE CONGRESS WOULD RISK ADDING TO ITS DO-NOTHING REPUTATION BY FAILING, DURING A FOUR-WEEK PERIOD, TO DEAL WITH THE ONLY ITEM OF BUSINESS BEFORE IT.

5. AS INDICATED BELOW, THE VARIOUS CONTROVERSIES APPEAR TO HAVE ENGENDERED SOMETHING APPROACHING PARALYSIS IN AN OFFICE THAT, WHILE CHRONICALLY SLOW, HAD USUALLY MANAGED TO MEET ITS OPERATIONAL NECESSITIES.

6. BY LAW, ALL FUNDS APPROPRIATED BUT UNEXPENDED BY THE LAST DAY OF EACH CALENDAR YEAR MUST BE CERTIFIED AS AVAILABLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BOGOTA 02765 262022Z

"RESERVES" FOR EXPENDITURE IN THE FOLLOWING YEAR BY THE CONTROLORIA GENERAL DE LA REPUBLICA. THE CONTROLORIA, BY LAW, MUST HAVE MADE ITS DETERMINATION BY THE END OF THE THIRD MONTH AFTER THE YEAR END. AT DECEMBER 31, 1974, APPROX DOLS 5.0 MILLION OF AID SECTOR LOAN FUNDS WERE PLACED IN THE TO-BE-CERTIFIED CATEGORY. AS OF MARCH 18, 75, DOLS 4.1 MILLION REMAINED UNCERTIFIED.

7. USAID POLICY HAS BEEN THAT ALL PRIOR RELEASES OF SECTOR LOAN FUNDS MUST BE DISBURSED TO THE RECIPIENT AGENCY BEFORE ANY ADDITIONAL DISBURSEMENTS WOULD BE MADE. AT PRESENT, THERE ARE UNRELEASED BALANCES FROM ALL FOUR OF THE SECTORS. THIS CONDITION IS HOLDING UP DISBURSEMENT REQUEST FOR THE EDUCATION SECTOR LOAN 514-L-073, HEALTH SECTOR LOAN 514-L-069, AND URBAN REGIONAL SECTOR LOAN II 514-L-068.

8. WHILE IT HAS NOT BEEN UNUSUAL FOR PRIOR YEAR AID LOAN DISBURSEMENTS TO FALL INTO THE CONTROLORIA CERTIFICATION OF RESERVES EXERCISE, PRESSURE HAS USUALLY BEEN EXERTED BY THE MIN OF FINANCE OR RECIPIENT MIN, OR AGENCY, ON THE CONTROLORIA TO GET THEIR SPECIFIC PROBLEMS SOLVED. THIS YEAR HOWEVER ALL OF THE USUAL INTERESTED PARTIES HAVE FELT THAT ANY INTERVENTION IN THE CERTIFICATION EXERCISE WOULD BE IMPOLITIC. USAID HAS BEEN INFORMED ON VARIOUS OCCASIONS THAT NOW WAS NOT THE TIME TO MAKE ANY REQUESTS FOR SPECIAL TREATMENT FROM THE CONTROLORIA. ACCORDINGLY, THE TERMINAL DISBURSEMENT DATE OF MAR 31, 75 FOR URBAN LOAN 514-L-068 HAS BEEN OBSERVED APPROACHING BY HACIENDA AND PLANEACION WITH CONCERN. BY MARCH 15, IT WAS OBVIOUS THAT NO FURTHER DISBURSEMENTS COULD BE MADE -- IT WAS NO LONGER POSSIBLE TO ATTEND TO THE REQUIRED BUREAUCRATIC DISBURSEMENT PROCEDURES EVEN IF EXISTING PROBLEMS WERE IMMEDIATELY TO DISSIPATE.

VAKY

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUND ALLOTMENT, DISPUTES, AID RECIPIENTS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BOGOTA02765
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750107-0158
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750315/aaaaanfx.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BOGOTA 2185
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ShawDG>; APPROVED <17 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLITICAL DISPUTE SEEN AS POSSIBLE CAUSE OF LOSS OF AID FUNDS FOR COLOMBIA
TAGS: PINT, CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006